

Submission to the IPC Regarding the Santos Narrabri CSG Project

My submission addresses the need to improve the likely outcome of the Project should it be approved and proceed.

As a Panel you have been confronted with a vast amount of data, information and opinions. While I have views on many aspects, based on my experiences at executive level in both Government and the private sector, I believe you have had sufficient presentations that fully address the range of concerns and hence I do not comment on those aspects.

You would have observed that, generally, proponents and their consultants downplay the risks. Similarly, that objectors talk about the risks as if they were certain to emerge. Objectors also highlight what they see as a poor record of companies complying with the many conditions that are typically imposed on extraction projects together with deficiencies in monitoring these projects.

You would also be very aware that the level of uncertainty around the key issues is such as to ensure that the decisions in relation to them will be controversial and, more importantly, possibly turn out to be wrong as the project develops.

How to address this?

My recommendations below are framed in the context that the proposed development will be approved with numerous conditions. My first recommendation is aimed at increasing the focus of the developer on the potential risks now rather than dismissing them on the basis that it will be some time before they emerge (if they do) and that by then the project will be operational and virtually impossible to close down. My second recommendation is aimed at addressing the inadequacies of monitoring compliance with imposed conditions and identifying adverse impacts early should they arise.

Recommendation 1: That Santos be required to lodge a material up front bond to cover any costs that may arise because it does not comply with Conditions and/or the environmental and/or social impacts are greater than Santos (and the Dept of Environment) allege. Give the size of the project and claims that there is a very low probability of any material consequences, and Santos' inferences that it will comply with all conditions, the bond should be material. **I suggest in the order of \$100m.** Even that amount could be grossly deficient if the worst consequences emerge despite current 'expert advice'.

Perhaps the greatest value of imposing such a bond is that Santos, its shareholders and bankers will very likely seriously review the basis on which they have expressed great confidence that there will be no material adverse impacts. It will sharpen their focus on both preparing for and implementing the project. The second benefit is that money will be there to remedy and/or compensate for adverse impact should they arise. **The amount and the conditions around the bond should be made public.**

Recommendation 2: That a truly independent monitoring body be established to monitor and report on both Santos' compliance with conditions and the possible emergence of adverse impacts. Funding of this body should be by Government. **I suggest funding of \$3m per year.** That should be sufficient to engage sufficient expertise and people on the ground to do the necessary monitoring, and to prepare and lodge reports. This is a small cost compared with the Royalty Stream. It should report publicly to Parliament.

There are three very significant benefits of this approach. Firstly, it signals that the Government is serious about monitoring and enforcing Conditions of Approval. Second, 'knowing that it is being watched' will influence Santos's (and their sub contractor's) behaviour and compliance positively. And third, it will help ensure that any 'unexpected' adverse impacts will be quickly identified and spark the use of Bond money to rectify and/or compensate.

I am happy to be contacted regarding this submission and to discuss my experiences with similar controversial projects that have benefited from the implementation of actions like those recommended above.

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